

NUTRITION SERVICES DIVISION MANAGEMENT BULLETIN

No. 02-901

TO:	All Child Nutrition Program Sponsors	ISSUE DATE: June 2002
ATTENTION:	Food Program Director	
SUBJECT:	Food Service Management Companies and Consulting Companies	
REFERENCE:	United States Department of Agriculture CNP Policy Memo 00-11 and California Education Code Section 45103.5	

This Management Bulletin provides guidance from the United States Department of Agriculture on differentiating between a food service management company (FSMC) and a food service consulting company (FSCC).

Title 7, Code of Federal Regulations (7 CFR), Section 210.2 defines a FSMC as “a commercial enterprise or a nonprofit organization that is, or may be, contracted with by the [sponsor] to manage any aspect of the school food service.” A contractor that is acting on behalf of a sponsor by actually being in charge of, or directing, any aspect of the food service operation is a FSMC. A contractor that performs specific, discreet services for a sponsor that fall short of managing a part of the program would be a consultant. For example, a contractor hired to analyze a meal service and develop menus is not managing any part of the actual meal service and is, therefore, a FSCC. A contractor that prepares the menus, purchases food, prepares and serves meals, and/or prepares claims for reimbursement is clearly a FSMC. The test is whether the contractor is actually managing some aspect of the food service, as opposed to merely providing advice, guidance, or technical assistance.

If a sponsor contracts with a FSMC to manage some aspect of its food service, the contract must follow the requirements for a FSMC as outlined in 7 CFR 210.16(b) and (c).

Sponsors are required by 7 CFR Sections 3016 and 3019 to competitively procure all FSMC and FSCC contracts. All contracts must conform to federal requirements if the sponsor pays for the services provided under the contracts from the nonprofit school food service account. In addition, sponsors cannot work with a FSMC to assist with the procurement activities and then award the FSMC contract to the same contractor. Finally, substantive changes to a FSMC or FSCC contract require sponsors to re-bid the contract.

Please note that California Education Code Section 45103.5 restricts FSMC contracts with public school districts to consulting services only and permits school districts to enter into a contract for “management consulting services relating to food service for a term not to exceed one year.” In addition, management consulting contracts shall not:

- Result in the elimination of any food service classified personnel or position;
- Provide for or result in the supervision of food service classified personnel by the management consultant contractor; or
- Use the company’s corporate bid prices in place of a competitive bid process that follows state and federal procurement requirements.

If you have any questions, please contact your nutrition services representative or the Field Services Unit at (916) 445-0850 or (800) 952-5609.

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